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RUEHBY/AMEMBASSY CANBERRA 1468
RUEHBJ/AMEMBASSY BEIJING 2003
RUEHKA/AMEMBASSY DHAKA 4961
RUEHNE/AMEMBASSY NEW DELHI 4965
RUEHUL/AMEMBASSY SEOUL 8550
RUEHKO/AMEMBASSY TOKYO 6119
RUEHCN/AMCONSUL CHENGDU 1555
RUEHCHI/AMCONSUL CHIANG MAI 1790
RUEHCI/AMCONSUL KOLKATA 0406
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC
RUEKJCS/DIA WASHDC
RUEHGV/USMISSION GENEVA 3988
RHEHNSC/NSC WASHDC
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C O N F I D E N T I A L SECTION 01 OF 02 RANGOON 000672

SIPDIS

STATE FOR EAP/MLS, INR/EAP
DEPT PASS TO USDA
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TREASURY FOR OASIA, OFAC
BANGKOK FOR USAID/OFDA - BILL BERGER; FAS - GARY MEYER

E.O. 12958: DECL: 08/19/2018
TAGS: [EAGR](#) [ECON](#) [EFIN](#) [PREL](#) [PGOV](#) [BM](#)
SUBJECT: BURMA: ACUTE BREAK IN WFP FOOD PIPELINE

REF: RANGOON 496

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Classified By: CDA Tom Vajda for Reasons 1.4 (b and d)

11. (C) Summary. According to World Food Program (WFP) Country Director Chris Kaye, WFP Burma is experiencing an acute break in its emergency food pipeline that will last through mid-September. The food shortage could affect up to 450,000 individuals living in cyclone-affected areas, as WFP and its NGO partners cut food rations in half. Kaye attributed the pipeline break to delays in rice imports from India and Thailand, as well as GOB regulations prohibiting WFP from purchasing rice locally. To ameliorate the food shortage, six of WFP's twelve NGO partners have begun to procure rice from Burmese suppliers, and Kaye predicted that others may soon follow suit. WFP confirmed it has secured emergency food rations to feed Burma's most vulnerable populations from mid-September through the end of February 12009. Separately, WFP faces a funding shortfall for its ongoing food distribution programs in other parts of Burma, for which Kaye requested continued USG financial support. End Summary.

Acute Food Shortage, For Now

12. (C) WFP, which has provided more than 23,000 tons of food to 684,000 cyclone victims since May 3, faces an acute break in its emergency food pipeline that will last through mid-September, WFP Country Director Chris Kaye told us. Logistic and political issues are to blame. Prior to Cyclone Nargis, WFP purchased rice directly from Burmese rice farmers and millers, allowing it to feed vulnerable populations

immediately. However, in mid-June, the GOB prohibited WFP from buying rice locally in an effort to control the supply of rice and prevent a surge in rice prices (Ref A). Consequently, WFP sought to import rice to meet local food needs, ordering 10,000 metric tons from India and Thailand in late June. WFP expected these imports to arrive by late July; political issues in Thailand and procurement delays in India pushed back the delivery date to September 15.

13. (C) According to Kaye, WFP's food needs totaled 9,900 metric tons of rice for August. To circumvent the GOB prohibition on WFP local rice purchases, six of WFP's twelve implementing partners have quietly begun to procure rice from local suppliers. Kaye noted that the NGOs have secured 4,500 metric tons of rice so far, and with some limited imports arriving by August 20, the food shortfall now totaled 2,500 metric tons. WFP will continue to work with NGOs to reduce this shortfall, reimbursing them for local procurements. Kaye acknowledged that NGOs were taking a risk by purchasing rice on the local market, but noted that they had little choice if they wanted to meet food needs.

14. (C) Due to the food shortage, WFP on August 13 began supplying several NGOs with half rations of rice, which could affect up to 450,000 individuals by the end of August. Separately, NGO partners told us that they had not received full rice rations since early August and were making food delivery decisions based on their own rice stocks. Kaye explained that the NGOs that were purchasing rice locally - Save the Children, CARE, ADRA, German Agro Action, World Vision, and AFXB - could provide their 371,000 constituents with full rations of rice; the six remaining NGOs - ACF, PACT, UNDP, Chesvi, Myanmar Red Cross, and the Karuna Myanmar

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Social Service (KMSS) - would have to make due with half rations. Unfortunately, WFP regulations prohibit one NGO from buying rice for another, he noted. The six NGOs that abstained from local purchases either lacked procurement capabilities or were unwilling to take the political risk.

15. (C) NGOs are feeling pressure from their communities to provide full rations of rice - Save the Children told us that one community in the delta recently threw stones at its staff, demanding that they not return until they could provide food.

16. (C) Once the imports from India and Thailand arrive in mid-September, WFP will have enough food from other procurements and donations to meet emergency needs through the end of February, Kaye stated. He thanked the United States for the upcoming Food for Peace rice donation, worth USD 16 million, noting that the USG's generosity was instrumental to the UN's cyclone relief and recovery efforts.

WFP's Financial Difficulties

17. (C) Kaye highlighted that while WFP's emergency relief program was well-funded, WFP Burma was experiencing a significant shortfall in its normal Protracted Relief and Recovery Operations (PRRO), which operates in Shan State, Northern Rakhine State, and Magway Division. WFP needed \$47 million to fund the remainder of this three-year program, which provides food to 1.2 million Burmese living under the food poverty line. Kaye explained that WFP in July stopped its Food for Education program in these areas, which provided food rations to families with children enrolled in school, due to lack of funds. WFP needed USD 10 million over the next six months to meet basic needs and to keep the program solvent, he noted. While WFP expected an EU donation of two million euros, which would cover some of the shortfall, Kaye urged the Department (PRM) to continue funding the PRRO.

Comment

18. (C) The GOB's policy to prohibit WFP's local procurements of rice has had a significant impact on emergency relief operations. While Kaye has acknowledged the purported rationale for the regime's decision - maintaining domestic stocks and avoiding price spikes - agricultural contacts tell us that traders and suppliers have an abundant stock of rice for sale; the GOB could have avoided the break in the food pipeline had it allowed WFP to buy rice locally. Instead, WFP and its partners must engage in unapproved transactions to meet their beneficiaries' food needs, potentially placing their operations at risk.

VAJDA